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REPORT
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SERVICEMEN'S GROUP LIFE INSURANCE COVERAGE ENHANCEMENT ACT OF 1991

JANUARY 31 (legislative day, JANUARY 3), 1991.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 232]

EXPANDING LIFE INSURANCE COVERAGE FOR MEMBERS OF THE ARMED FORCES SERVING IN CONNECTION WITH THE PERSIAN GULF CONFLICT

The Committee on Armed Services reports favorably S. 232, with amendments, to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield, Operation Desert Storm, and for other purposes, and recommends that the bill do pass.

PURPOSE OF THE BILL

This bill would provide certain improvements in compensation and benefits for military personnel and their families. These improvements are targeted primarily to active component personnel and National Guard and Reserve component personnel serving or activated for duty in Operation Desert Shield and Operation Desert Storm. The provisions of this bill complement the set of improvements for military personnel serving in Operation Desert Shield provided in the National Defense Authorization Act for Fiscal Year 1991.

COMMITTEE PROCEEDINGS

S. 232, introduced by Senator Warner (for himself and others), to increase the maximum amount of coverage under the Servicemen's Group Life Insurance and Veteran's Group Life Insurance and to direct the Secretary of Veterans Affairs to pay a death gratuity to certain survivors of members of the uniformed services who died

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after August 1, 1990 and before the effective date of such increase was considered favorably during the Committee's markup session on January 30, 1991.

SPECIFIC PROVISIONS

Section 1 contains the short title.

Section 2 of this bill would increase the coverage of the Servicemen's Group Life Insurance (SGLI) plan from $50,000 to $100,000.

Section 3 would provide that military personnel who die between August 1, 1990 and the date of enactment of this legislation would be paid a death gratuity by the Department of Veterans' Affairs equal to the amount of SGLI coverage at the time of death. These provisions would also apply to the Veteran's Group Life Insurance Plan.

The Committee notes that the average individual life insurance coverage in the private sector is a little higher than $100,000, and believes that military personnel should be provided similar coverage. The Committee also notes that while this coverage is intended for military personnel serving in Operation Desert Shield and Operation Desert Storm, the coverage would extend to all military personnel.

Section 4 defines certain terms used in the bill.

Section 5 of this bill would make it clear that the expenditures in this bill are emergency expenditures resulting from Operation Desert Shield and Operation Desert Storm as provided in the budget summit agreement. Emergency expenditures, whether related to these operations or not, are exempt from the relevant sequestration provisions if they are designated as emergency expenditures in statute. Section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901 et seq.), as amended by Public Law 101-508, provides for the treatment of emergency discretionary expenditures, including those related to Operation Desert Shield. Section 252(e) of that act provides for the treatment of emergency direct spending. Defense discretionary expenditures that exceed the statutory cap in the Budget Summit Agreement (enacted as the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508) will trigger a sequester in order to keep defense discretionary expenditures at or below the cap. Expenses related to Operation Desert Shield are exempt from this cap, however. Any new direct spending legislation is subject to the pay-as-you-go sequester provisions of the budget agreement which require that spending legislation be deficit-neutral over a five-year period. Emergency expenditures are also exempt from this requirement.

The focus of this bill is on benefits for Desert Shield and Desert Storm personnel in fiscal year 1991, which are exempt under the budget agreement. While there are expenditures beyond fiscal year 1991 authorized in this legislation, the Committee notes that none of these expenditures will have the effect of increasing defense spending above the levels in the budget agreement once Operation Desert Shield/Desert Storm is over, because any expenditures will be funded out of the total amount appropriated for defense each year. Those appropriations are constrained by the caps in the

budget agreement, and those caps are not affected by this legislation.

COMMITTEE ACTION

In accordance with the Legislative Reorganization Act of 1946, as amended by the Legislative Reorganization Act of 1970, there is set forth below the committee vote to report a bill to provide certain benefits for members of the armed forces performing service in connection with Operation Desert Shield and Operation Desert Storm, and for other purposes.

In favor: Senators Nunn, Exon, Levin, Kennedy, Bingaman, Dixon, Glenn, Gore, Wirth, Shelby, Warner, Thurmond, Cohen, McCain, Wallop, Gorton, Lott, and Coats.

Opposed: None.

Vote: 18–0.

FISCAL DATA

Section 252 of the Legislative Reorganization Act of 1970 requires that the report accompanying each bill reported by a Senate committee contain certain information on five-year cost projections.

The letters received in compliance with this statutory requirement are shown below.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, January 29, 1991.

Hon. SAM NUNN,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has examined S. 232, the Servicemen's Group Life Insurance Coverage Enhancement Act of 1991, as introduced on January 17, 1991. This bill would increase direct spending by $50 million in fiscal year 1991.

This legislation increases the maximum amount of coverage under Servicemen's Group Life Insurance (SGLI) and Veterans' Group Life Insurance (VGLI) from $50,000 to $100,000. It also directs the Secretary of Veterans Affairs to pay a death gratuity of $50,000 to certain survivors of members of the uniformed services who died after August 1, 1990 and before the effective date of the increased coverage.

The SGLI and VGLI programs provide life insurance for current and former military personnel. The insurance premiums paid by SGLI and VGLI policyholders cover the anticipated cost of benefits paid out by the program, up to an actuarially established number of deaths not attributable to the extra hazard of military service. Thus, insurance premiums will automatically increase by an amount estimated to cover the cost of the increased coverage. For any additional deaths which exceed the actuarial baseline, the Department of Defense must bear the cost of the additional SGLI benefits paid out. It does not appear that the activities of troops deployed to the Persian Gulf area have caused an increase in the death rate to date that exceeds the actuarial baseline. If that were

to occur, additional direct spending would be triggered by DoD's requirement to pay future benefit costs. The payment would exceed the current amount by $50,000 for each death. However, CBO is unable to estimate the likelihood or number of such payments.

The death gratuity provided by S. 232 would be payable to survivors of servicemembers who were covered by SGLI and died between August 1, 1990 and the date of enactment of the bill. About 150 servicemembers die each month, and approximately 95 percent of all military personnel have elected SGLI coverage. Thus, if enactment occurs on March 1, 1991, CBO expects that approximately 1,000 deaths will qualify for payment of the $50,000 gratuity under S. 221, for a total cost of $50 million. This amount would constitute direct spending.

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. The benchmark against which changes in direct spending or receipts are measured is the baseline as described in Section 257 of the 1985 law. The $50 million in direct spending which would result from this bill is not included in that baseline and therefore would be subject to the pay-as-you-go procedures

If you would like further details on this estimate, we will be pleased to provide them. The CBO staff contact is Amy Plapp and she can be reached at (202) 226–2840.

Sincerely,

ROBERT D. REISCHAUER,
Director.

REGULATORY IMPACT

Paragraph 11(b) of rule XXVI of the Standing Rules of the Senate requires that a report on the regulatory impact of a bill be included in the report on the bill. The committee finds that there is no regulatory impact in the case of the bill reported by the committee.

CHANGES IN EXISTING LAW

Pursuant to the provisions of paragraph 12 of rule XXVI of the Standing Rules of the Senate, the changes in existing law made by certain portions of the bill have not been shown in this section of the report because, in the opinion of the committee, it is necessary to dispense with showing such changes in order to expedite the business of the Senate and reduce the expenditure of funds.

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